

OMEROS CORP
Form 10-Q
May 11, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-34475

OMEROS CORPORATION

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

91-1663741
(I.R.S. Employer
Identification Number)

201 Elliott Avenue West
Seattle, Washington
(Address of principal executive offices)
(206) 676-5000

98119
(Zip Code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

(Do not check if a smaller reporting company)

Edgar Filing: OMEROS CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 7, 2015, the number of outstanding shares of the registrant's common stock, par value \$0.01 per share, was 37,832,261.

realized, they may not have the expected consequences to or effects on our company, business or operations. Accordingly, you should not place undue reliance on these forward-looking statements, which represent our estimates and assumptions only as of the date of the filing of this

Table of Contents

Quarterly Report on Form 10-Q. You should read this Quarterly Report on Form 10-Q completely and with the understanding that our actual results in subsequent periods may materially differ from current expectations. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we assume no obligation to update or revise any forward-looking statements contained herein, whether as a result of any new information, future events or otherwise.

Table of Contents

OMEROS CORPORATION
FORM 10-Q FOR THE QUARTER ENDED March 31, 2015
INDEX

	Page
<u>Part I — Financial Information</u>	<u>3</u>
<u>Item 1. Financial Statements</u>	<u>3</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2015 (unaudited) and December 31, 2014</u>	<u>3</u>
<u>Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended March 31, 2015 and 2014 (unaudited)</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2015 and 2014 (unaudited)</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	<u>6</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>12</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>19</u>
<u>Item 4. Controls and Procedures</u>	<u>19</u>
<u>Part II — Other Information</u>	<u>20</u>
<u>Item 1A. Risk Factors</u>	<u>20</u>
<u>Item 2. Unregistered Sales of Equity Securities</u>	<u>37</u>
<u>Item 6. Exhibits</u>	<u>38</u>
<u>Signatures</u>	<u>39</u>

Table of Contents

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OMEROS CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

(unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$1,441	\$ 354
Short-term investments	68,621	6,532
Receivables	538	392
Inventory	566	568
Prepaid expense	1,784	1,191
Other current assets	116	120
Total current assets	73,066	9,157
Property and equipment, net	727	782
Restricted cash	679	679
Other assets	439	472
Total assets	\$74,911	\$ 11,090
Liabilities and shareholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$4,611	\$ 4,915
Accrued expenses	6,438	7,070
Current portion of notes payable, net of discount	9,019	6,446
Total current liabilities	20,068	18,431
Notes payable, net of current portion and discount	23,906	26,263
Deferred rent	9,091	9,050
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Preferred stock, par value \$0.01 per share, 20,000,000 authorized; none issued and outstanding at March 31, 2015 and December 31, 2014	—	—
Common stock, par value \$0.01 per share, 150,000,000 authorized; 37,825,261 and 34,185,464 issued and outstanding at March 31, 2015 and December 31, 2014, respectively	378	342
Additional paid-in capital	368,183	285,050
Accumulated deficit	(346,715)	(328,046)
Total shareholders' equity (deficit)	21,846	(42,654)
Total liabilities and shareholders' equity (deficit)	\$74,911	\$ 11,090
See notes to consolidated financial statements		

Table of Contents

OMEROS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except share and per share data)

(unaudited)

	Three Months Ended March 31,	
	2015	2014
Revenues		
Product sales	\$238	\$—
Grant revenue	150	100
Total revenue	388	100
Costs and expenses:		
Cost of product sales	11	—
Research and development	9,318	12,017
Selling, general and administrative	8,989	3,767
Total costs and expenses	18,318	15,784
Loss from operations	(17,930)	(15,684)
Interest expense	(957)	(672)
Investment income and other income (expense), net	218	(286)
Net loss	\$(18,669)	\$(16,642)
Comprehensive loss	\$(18,669)	\$(16,642)
Basic and diluted net loss per share	\$(0.51)	\$(0.54)
Weighted-average shares used to compute basic and diluted net loss per share	36,483,559	30,897,039
See notes to consolidated financial statements		

Table of Contents

OMEROS CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (In thousands)
 (unaudited)

	Three Months Ended March 31,	
	2015	2014
Operating activities:		
Net loss	\$(18,669)	\$(16,642)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain on sale of assets	—	(9)
Depreciation and amortization	55	82
Stock-based compensation expense	2,517	